

1 AN ACT relating to health benefits for retired state troopers.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 61.702 is amended to read as follows:

- 4 (1) (a) 1. The board of trustees of Kentucky Retirement Systems shall arrange by
5 appropriate contract or on a self-insured basis to provide a group
6 hospital and medical insurance plan for present and future recipients of a
7 retirement allowance from the Kentucky Employees Retirement System,
8 County Employees Retirement System, and State Police Retirement
9 System, except as provided in subsection (8) of this section. The board
10 shall also arrange to provide health care coverage through an insurer
11 licensed pursuant to Subtitle 38 of KRS Chapter 304 and offering a
12 managed care plan as defined in KRS 304.17A-500, as an alternative to
13 group hospital and medical insurance for any person eligible for hospital
14 and medical benefits under this section.
- 15 2. Any person who chooses coverage under a hospital and medical
16 insurance plan shall pay, by payroll deduction from the retirement
17 allowance or by another method, the difference in premium between the
18 cost of the hospital and medical insurance plan coverage and the benefits
19 to which he would be entitled under this section.
- 20 3. For purposes of this section, "hospital and medical insurance plan" may
21 include, at the board's discretion, any one (1) or more of the following:
- 22 a. Any hospital and medical expense policy or certificate, provider-
23 sponsored integrated health delivery network, self-insured medical
24 plan, health maintenance organization contract, or other health
25 benefit plan;
- 26 b. Any health savings account as permitted by 26 U.S.C. sec. 223 or
27 health reimbursement arrangement or a similar account as may be

1 permitted by 26 U.S.C. sec. 105 or 106. Such arrangement or
2 account, in the board's discretion, may reimburse any medical
3 expense permissible under 26 U.S.C. sec. 213; or

4 c. A medical insurance reimbursement program established by the
5 board through the promulgation of administrative regulation under
6 which members purchase individual health insurance coverage
7 through a health insurance exchange established under 42 U.S.C.
8 sec. 18031 or 18041.

9 (b) The board may authorize present and future recipients of a retirement
10 allowance from any of the three (3) retirement systems to be included in the
11 state employees' group for hospital and medical insurance and shall provide
12 benefits for recipients equal to those provided to state employees having the
13 same Medicare hospital and medical insurance eligibility status, except as
14 provided in subsection (8) of this section. Notwithstanding the provisions of
15 any other statute, recipients shall be included in the same class as current state
16 employees in determining medical insurance policies and premiums.

17 (c) For recipients of a retirement allowance who are not eligible for the same
18 level of hospital and medical benefits as recipients living in Kentucky having
19 the same Medicare hospital and medical insurance eligibility status, the board
20 shall provide a medical insurance reimbursement plan as described in
21 subsection (7) of this section.

22 (d) Notwithstanding anything in KRS Chapter 61 to the contrary, the board of
23 trustees, in its discretion, may take necessary steps to ensure compliance with
24 42 U.S.C. secs. 300bb-1 et seq., including but not limited to receiving
25 contributions and premiums from, and providing benefits pursuant to this
26 section to, persons entitled to continuation coverage under 42 U.S.C. secs.
27 300bb-1 et seq., regardless of whether such persons are recipients of a

1 retirement allowance.

2 (2) (a) Each employer participating in the State Police Retirement System as
3 provided for in KRS 16.505 to 16.652, each employer participating in the
4 County Employees Retirement System as provided in KRS 78.510 to 78.852,
5 and each employer participating in the Kentucky Employees Retirement
6 System as provided for in KRS 61.510 to 61.705 shall contribute to the
7 Kentucky Retirement Systems insurance trust fund the amount necessary to
8 provide hospital and medical insurance as provided for under this section.
9 Such employer contribution rate shall be developed by appropriate actuarial
10 method as a part of the determination of each respective employer
11 contribution rate to each respective retirement system determined under KRS
12 61.565.

13 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct
14 from the creditable compensation of each member having a membership
15 date on or after September 1, 2008, an amount equal to one percent (1%)
16 of the member's creditable compensation. The deducted amounts shall
17 be credited to accounts established pursuant to 26 U.S.C. sec. 401(h),
18 within the funds established in KRS 16.510, 61.515, and 78.520.

19 2. The employer shall file the contributions as provided by subparagraph 1.
20 of this paragraph at the retirement office in accordance with KRS 61.675
21 and 78.625. Any interest or penalties paid on any delinquent
22 contributions shall be credited to accounts established pursuant to 26
23 U.S.C. sec. 401(h), within the funds established in KRS 16.510, 61.515,
24 and 78.520. Notwithstanding any minimum compensation requirements
25 provided by law, the deductions provided by this paragraph shall be
26 made, and the compensation of the member shall be reduced
27 accordingly.

- 1 3. Each employer shall submit payroll reports, contributions lists, and other
2 data as may be required by administrative regulation promulgated by the
3 board of trustees pursuant to KRS Chapter 13A.
- 4 4. Every member shall be deemed to consent and agree to the deductions
5 made pursuant to this paragraph, and the payment of salary or
6 compensation less the deductions shall be a full and complete discharge
7 of all claims for services rendered by the person during the period
8 covered by the payment, except as to any benefits provided by KRS
9 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. No member
10 may elect whether to participate in, or choose the contribution amount to
11 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
12 established in KRS 16.510, 61.515, and 78.520. The member shall have
13 no option to receive the contribution required by this paragraph directly
14 instead of having the contribution paid to accounts established pursuant
15 to 26 U.S.C. sec. 401(h) within the funds established in KRS 16.510,
16 61.515, and 78.520. No member may receive a rebate or refund of
17 contributions. If a member establishes a membership date prior to
18 September 1, 2008, pursuant to KRS 61.552(1) or 61.552(23), then this
19 paragraph shall not apply to the member and all contributions previously
20 deducted in accordance with this paragraph shall be refunded to the
21 member without interest. The contribution made pursuant to this
22 paragraph shall not act as a reduction or offset to any other contribution
23 required of a member or recipient under KRS 16.505 to 16.652, 61.510
24 to 61.705, and 78.510 to 78.852.
- 25 5. The board of trustees, at its discretion, may direct that the contributions
26 required by this paragraph be accounted for within accounts established
27 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS

1 16.510, 61.515, and 78.520 through the use of separate accounts.

2 (3) (a) The premium required to provide hospital and medical benefits under this
3 section shall be paid:

4 1. Wholly or partly from funds contributed by the recipient of a retirement
5 allowance, by payroll deduction, or otherwise;

6 2. Wholly or partly from funds contributed by the Kentucky Retirement
7 Systems insurance trust fund;

8 3. Wholly or partly from funds contributed to accounts established
9 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS
10 16.510, 61.515, and 78.520;

11 4. Wholly or partly from funds contributed by another state-administered
12 retirement system under a reciprocal arrangement, except that any
13 portion of the premium paid from the Kentucky Retirement Systems
14 insurance trust fund or accounts established pursuant to 26 U.S.C. sec.
15 401(h) within the funds established in KRS 16.510, 61.515, and 78.520
16 under a reciprocal agreement shall not exceed the amount that would be
17 payable under this section if all the member's service were in one (1) of
18 the systems administered by the Kentucky Retirement Systems;

19 5. Partly from subparagraphs 1. to 4. of this paragraph, except that any
20 premium for hospital and medical insurance over the amount contributed
21 by the Kentucky Retirement Systems insurance trust fund; accounts
22 established pursuant to 26 U.S.C. sec. 401(h) within the funds
23 established in KRS 16.510, 61.515, and 78.520; or another state-
24 administered retirement system under a reciprocal agreement shall be
25 paid by the recipient by an automatic electronic transfer of funds. If the
26 board provides for cross-referencing of insurance premiums, the
27 employer's contribution for the working member or spouse shall be

1 applied toward the premium, and the Kentucky Retirement Systems
2 insurance trust fund or accounts established pursuant to 26 U.S.C. sec.
3 401(h) within the funds established in KRS 16.510, 61.515, and 78.520
4 shall pay the balance, not to exceed the monthly contribution; or

- 5 6. In full from the Kentucky Retirement Systems insurance trust fund or
6 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
7 established in KRS 16.510, 61.515, and 78.520 for all recipients of a
8 retirement allowance from any of the three (3) retirement systems where
9 such recipient is a retired former member of one (1) or more of the three
10 (3) retirement systems (not a beneficiary or dependent child receiving
11 benefits) and had two hundred and forty (240) months or more of service
12 upon retirement. Should such recipient have less than two hundred forty
13 (240) months of service but have at least one hundred eighty (180)
14 months of service, seventy-five percent (75%) of such premium shall be
15 paid from the insurance trust fund or accounts established pursuant to 26
16 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,
17 and 78.520, provided such recipient agrees to pay the remaining twenty-
18 five percent (25%) by payroll deduction from his retirement allowance
19 or by another method. Should such recipient have less than one hundred
20 eighty (180) months of service but have at least one hundred twenty
21 (120) months of service, fifty percent (50%) of such premium shall be
22 paid from the insurance trust fund or accounts established pursuant to 26
23 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,
24 and 78.520, provided such recipient agrees to pay the remaining fifty
25 percent (50%) by payroll deduction from his retirement allowance or by
26 another method. Should such recipient have less than one hundred
27 twenty (120) months of service but have at least forty-eight (48) months

1 of service, twenty-five percent (25%) of such premium shall be paid
2 from the insurance trust fund or accounts established pursuant to 26
3 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,
4 and 78.520, provided such recipient agrees to pay the remaining seventy-
5 five percent (75%) by payroll deduction from his retirement allowance
6 or by another method. Notwithstanding the foregoing provisions of this
7 subsection, an employee participating in one (1) of the retirement
8 systems administered by the Kentucky Retirement Systems who
9 becomes disabled in the line of duty as defined in KRS 16.505(19) or
10 61.621, shall have his premium paid in full as if he had two hundred
11 forty (240) months or more of service. Further, an employee
12 participating in one (1) of the retirement systems administered by the
13 Kentucky Retirement Systems who is killed in the line of duty as
14 defined in KRS 16.505(19) or 61.621, shall have the premium for the
15 beneficiary, if the beneficiary is the member's spouse, and for each
16 dependent child paid so long as they individually remain eligible for a
17 monthly retirement benefit. "Months of service" as used in this section
18 shall mean the total months of combined service used to determine
19 benefits under any or all of the three (3) retirement systems, except
20 service added to determine disability benefits shall not be counted as
21 "months of service." For current and former employees of the Council
22 on Postsecondary Education who were employed prior to January 1,
23 1993, and who earn at least fifteen (15) years of service credit in the
24 Kentucky Employees Retirement System, "months of service" shall also
25 include vested service in another retirement system other than the
26 Kentucky Teachers' Retirement System sponsored by the Council on
27 Postsecondary Education.

- 1 (b) 1. For a member electing insurance coverage through the Kentucky
2 Retirement Systems, "months of service" shall include, in addition to
3 service as described in paragraph (a) of this subsection, service credit in
4 one (1) of the other state-administered retirement plans.
- 5 2. Effective August 1, 1998, the Kentucky Retirement Systems shall
6 compute the member's combined service, including service credit in
7 another state-administered retirement plan, and calculate the portion of
8 the member's premium to be paid by the insurance trust fund accounts
9 established pursuant to 26 U.S.C. sec. 401(h) within the funds
10 established in KRS 16.510, 61.515, and 78.520, according to the criteria
11 established in paragraph (a) of this subsection. Each state-administered
12 retirement plan annually shall pay to the insurance trust fund the
13 percentage of the system's cost of the retiree's monthly contribution for
14 single coverage for hospital and medical insurance which shall be equal
15 to the percentage of the member's number of months of service in the
16 other state-administered retirement plan divided by his total combined
17 service. The amounts paid by the other state-administered retirement
18 plans and the insurance trust fund or accounts established pursuant to 26
19 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,
20 and 78.520 shall not be more than one hundred percent (100%) of the
21 monthly contribution adopted by the respective boards of trustees.
- 22 3. A member may not elect coverage for hospital and medical benefits
23 under this subsection through more than one (1) of the state-
24 administered retirement plans.
- 25 4. A state-administered retirement plan shall not pay any portion of a
26 member's monthly contribution for medical insurance unless the member
27 is a recipient or annuitant of the plan.

1 5. The premium paid by the Kentucky Retirement Systems insurance trust
2 fund or accounts established pursuant to 26 U.S.C. sec. 401(h) within
3 the funds established in KRS 16.510, 61.515, and 78.520 shall not
4 exceed one hundred percent (100%) of the monthly contribution rate
5 toward hospital and medical insurance coverage approved by the board
6 of trustees of the Kentucky Retirement Systems.

7 (4) (a) Group rates under the hospital and medical insurance plan shall be made
8 available to the spouse, each dependent child, and each disabled child,
9 regardless of the disabled child's age, of a recipient who is a former member
10 or the beneficiary, if the premium for the hospital and medical insurance for
11 the spouse, each dependent child, and each disabled child, or beneficiary is
12 paid by payroll deduction from the retirement allowance or by another
13 method. For purposes of this subsection only, a child shall be considered
14 disabled if he has been determined to be eligible for federal Social Security
15 disability benefits or meets the dependent disability standard established by
16 the Department of Employee Insurance in the Personnel Cabinet.

17 (b) The other provisions of this section notwithstanding, the insurance trust fund
18 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
19 established in KRS 16.510, 61.515, and 78.520 shall pay a percentage of the
20 monthly contribution for the spouse and for each dependent child of a
21 recipient who was a member of the General Assembly and is receiving a
22 retirement allowance based on General Assembly service, of the Kentucky
23 Employees Retirement System and determined to be in a hazardous position,
24 of the County Employees Retirement System, and determined to be in a
25 hazardous position or of the State Police Retirement System. The percentage
26 of the monthly contribution paid for the spouse and each dependent child of a
27 recipient who was in a hazardous position shall be based solely on the

1 member's service with the State Police Retirement System or service in a
2 hazardous position using the formula in subsection (3)(a) of this section,
3 except that for any recipient of a retirement allowance from the County
4 Employees Retirement System who was contributing to the system on January
5 1, 1998, for service in a hazardous position, the percentage of the monthly
6 contribution shall be based on the total of hazardous service and any
7 nonhazardous service as a police or firefighter with the same agency, if that
8 agency was participating in the County Employees Retirement System but did
9 not offer hazardous duty coverage for its police and firefighters at the time of
10 initial participation.

11 (c) The insurance trust fund or accounts established pursuant to 26 U.S.C. sec.
12 401(h) within the funds established in KRS 16.510, KRS 61.515, and 78.520
13 shall continue the same level of coverage for a recipient who was a member of
14 the County Employees Retirement System after the age of sixty-five (65) as
15 before the age of sixty-five (65), if the recipient is not eligible for Medicare
16 coverage. If the insurance trust fund or accounts established pursuant to 26
17 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515, and
18 78.520 provides coverage for the spouse or each dependent child of a former
19 member of the County Employees Retirement System, the insurance trust fund
20 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
21 established in KRS 16.510, 61.515, and 78.520 shall continue the same level
22 of coverage for the spouse or each dependent child after the age of sixty-five
23 (65) as before the age of sixty-five (65), if the spouse or dependent child is not
24 eligible for Medicare coverage.

25 (5) After July 1, 1998, notwithstanding any other provision to the contrary, a member
26 who holds a judicial office but did not elect to participate in the Judicial Retirement
27 Plan and is participating instead in the Kentucky Employees Retirement System, the

1 County Employees Retirement System, or the State Police Retirement System, as
2 provided in KRS 61.680, and who has at least twenty (20) years of total service,
3 one-half (1/2) of which is in a judicial office, shall receive the same hospital and
4 medical insurance benefits, including paid benefits for spouse and dependents, as
5 provided to persons retiring under the provisions of KRS 21.427. The
6 Administrative Office of the Courts shall pay the cost of the medical insurance
7 benefits provided by this subsection.

8 (6) Premiums paid for hospital and medical insurance coverage procured under
9 authority of this section shall be exempt from any premium tax which might
10 otherwise be required under KRS Chapter 136. The payment of premiums by the
11 insurance trust fund or accounts established pursuant to 26 U.S.C. sec. 401(h)
12 within the funds established in KRS 16.510, 61.515, and 78.520 shall not constitute
13 taxable income to an insured recipient. No commission shall be paid for hospital
14 and medical insurance procured under authority of this section.

15 (7) The board shall promulgate an administrative regulation to establish a medical
16 insurance reimbursement plan to provide reimbursement for hospital and medical
17 insurance premiums of recipients of a retirement allowance who are not eligible for
18 the same level of hospital and medical benefits as recipients living in Kentucky and
19 having the same Medicare hospital and medical insurance eligibility status. An
20 eligible recipient shall file proof of payment for hospital and medical insurance at
21 the retirement office. Reimbursement to eligible recipients shall be made on a
22 quarterly basis. The recipient shall be eligible for reimbursement of substantiated
23 medical insurance premiums for an amount not to exceed the total monthly
24 premium determined under subsection (3) of this section. The plan shall not be
25 made available if all recipients are eligible for the same coverage as recipients
26 living in Kentucky.

27 (8) (a) 1. For employees having a membership date on or after July 1, 2003, and

1 before September 1, 2008, participation in the insurance benefits
2 provided under this section shall not be allowed until the employee has
3 earned at least one hundred twenty (120) months of service in the state-
4 administered retirement systems.

5 2. For an employee having a membership date on or after September 1,
6 2008, participation in the insurance benefits provided under this section
7 shall not be allowed until the employee has earned at least one hundred
8 eighty (180) months of service credited under KRS 16.543(1),
9 61.543(1), or 78.615(1) or another state-administered retirement system.

10 (b) An employee who meets the minimum service requirements as provided by
11 paragraph (a) of this subsection shall be eligible for benefits as follows:

12 1. For employees who are not in a hazardous position, a monthly insurance
13 contribution of ten dollars (\$10) for each year of service as a
14 participating employee.

15 2. For employees who are in a hazardous position or who participate in the
16 State Police Retirement System, a monthly insurance contribution of
17 fifteen dollars (\$15) for each year of service as a participating employee
18 in a hazardous position or as a participating member of the State Police
19 Retirement System. Upon the death of the retired member, the
20 beneficiary, if the beneficiary is the member's spouse, shall be entitled to
21 a monthly insurance contribution of ten dollars (\$10) for each year of
22 service the member attained as a participating employee in a hazardous
23 position or as a participating member of the State Police Retirement
24 System.

25 (c) 1. The minimum service requirement to participate in benefits as provided
26 by paragraph (a) of this subsection shall be waived for a member who is
27 disabled or killed in the line of duty as defined in KRS 16.505(19), and

1 the member or his spouse and eligible dependents shall be entitled to the
2 benefits payable under this subsection as though the member had twenty
3 (20) years of service in a hazardous position.

4 2. The minimum service required to participate in benefits as provided by
5 paragraph (a) of this subsection shall be waived for a member who is
6 disabled in the line of duty as defined in KRS 61.621, and the member
7 shall be entitled to the benefits payable under this subsection as though
8 the member has twenty (20) years of service in a nonhazardous position.

9 3. The minimum service required to participate in benefits as provided by
10 paragraph (a) of this subsection shall be waived for a member who is
11 killed in the line of duty as described in KRS 61.621, and the member's
12 spouse and eligible dependents shall be entitled to the benefits payable
13 under this subsection as though the member has twenty (20) years of
14 service in a hazardous position.

15 (d) The monthly insurance contribution amount shall be increased July 1 of each
16 year by one and one-half percent (1.5%). The increase shall be cumulative and
17 shall continue to accrue after the member's retirement for as long as a monthly
18 insurance contribution is payable to the retired member or beneficiary.

19 (e) The benefits of this subsection provided to a member whose participation
20 begins on or after July 1, 2003, shall not be considered as benefits protected
21 by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852. The
22 General Assembly reserves the right to suspend or reduce the benefits
23 conferred in this subsection if in its judgment the welfare of the
24 Commonwealth so demands.

25 (f) An employee whose membership date is on or after September 1, 2008, who
26 retires and is reemployed in a regular full-time position required to participate
27 in one (1) of the systems administered by Kentucky Retirement Systems shall

1 not be eligible for health insurance coverage or benefits provided by this
2 section and shall take coverage with his or her employing agency during the
3 period of reemployment in a regular full-time position.

4 (9) In addition to any other benefits provided under this section, the board shall
5 establish a program to reimburse retired state troopers for the cost of their
6 Medicare Part B premiums. The provisions of this program shall apply to
7 retired state troopers who:
8 (a) Began participating in the system prior to July 1, 2003;
9 (b) Retired with at least twenty (20) years of service in the State Police
10 Retirement System; and
11 (c) Are Medicare eligible and are paying a Medicare Part B premium.
12 The reimbursement provided by this subsection shall not exceed the
13 Medicare Part B premium, shall not apply to dependents of a qualifying
14 retiree, and shall be paid only for periods in which the member paid a
15 Medicare Part B premium.